

## **Executive Summary**

### **Domestic Sugar Market Summary**

Spot sugar prices traded steady to weak as higher supplies from mills kept pressure on prices; however, rising festive demand during the period averted the loss.

### **Price Projection For The Next Week**

Spot sugar prices (M grade) in benchmark Kolhapur market are likely to range between Rs 2670 - 2750 per quintal next week.

### **International Sugar Market Summary**

Global sugar prices traded steady to firm as the crushing operation halted in Brazil's main centre south region due to heavy rainfall in the area.

## **Domestic News Highlights**

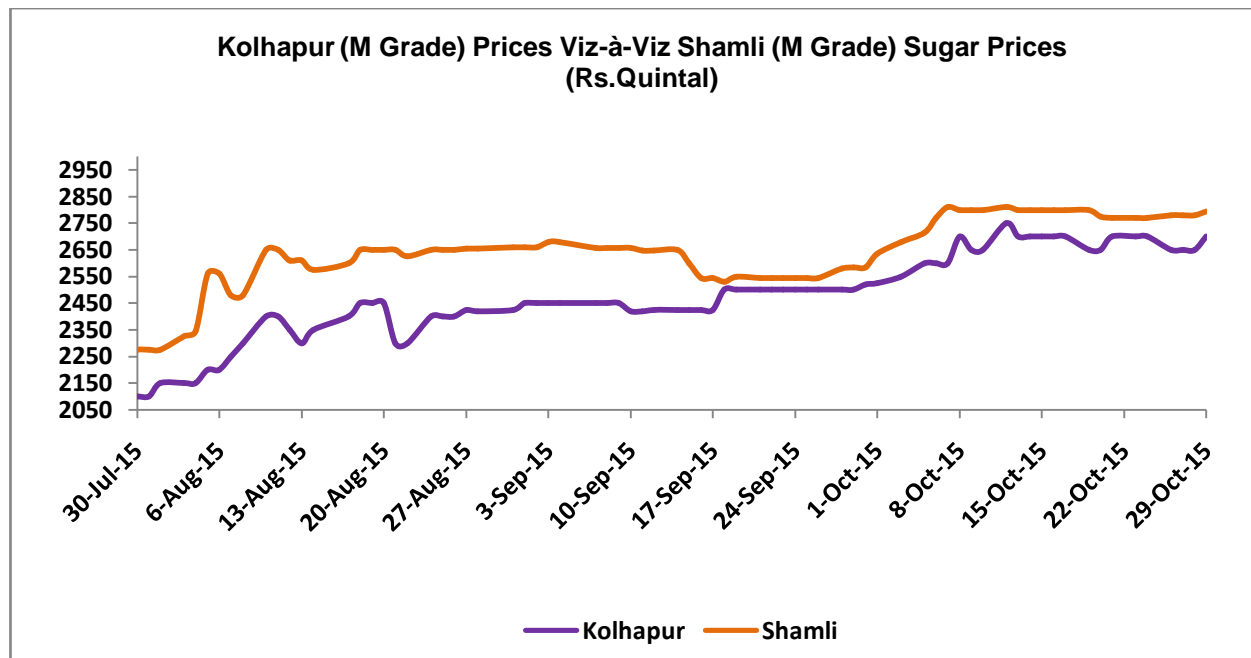
- India exported 49.6 thousand tons of sugar in the week ending on 25<sup>th</sup> Oct, 2015 while imported 33.5 thousand tons of sugar during the same interval.
- The Indian government forecasted a total sugar production of 26 MT in India during marketing year 2015-16 (01st Oct, 2015 – 30th Sep, 2016), wherein Maharashtra, Uttar Pradesh and Karnataka are expected to produce 8.6 MT, 7.2 MT and 4.0 MT of sugar respectively.
- ISMA has revised its sugar production estimate from 280 lakh tons to 270 lakh tons in marketing year 2015-16 (1st Oct, 2015 – 30th Sep, 2016).
- For Maharashtra, ISMA is predicting that the state could produce 90 lakh tons of sugar in 2015-16, which was 14.33%, less than the actual sugar produced during marketing year 2014-15.
- Led by favorable weather condition, improved cane variety and surge in area under better cane variety ISMA revisited its sugar production estimate in Uttar Pradesh from 73.51 lakh tons to 75 lakh tons in 2015-16.

- ISMA also projected Karnataka and Tamil Nadu to produce 46 lakh and 13.5 lakh tons of sugar respectively in MY 2015-16
- With a view to reduce the expected sugar accumulation within the country, the Indian govt. had made it compulsory to export minimum four million tons of sugar in MY 2015-16 (1st Oct, 2015 – 30th Sep, 2016).
- Government Officials stated that 48.84 lakh hectares of sugarcane area in India had been sown for this marketing year, 2015-16 compared to 48.74 lakh hectares area in 2014-15.
- Cane sown area has increased by 0.29% in the highest producing state of Uttar Pradesh this year compared to 21 lakh hectare in 2014-15.
- About 10 lakh hectares of sugarcane area has been sown in Maharashtra this year, which is 11.82% less than the area sowed a year before.
- In Karnataka 3.96 lakh hectares of cane area had been sown in 2015-16 compared to 3.2 lakh hectares of area last year in 2014-15
- An absolute fall of 0.08 lakh hectares of cane-sown area was seen in Andhra Pradesh where 1.17 lakh hectares of area had been sown this year compared to an area of 1.25 lakh hectares last year.
- Cane sown area has increased by 17.13% in Tamil Nadu this year where 2.94 lakh hectares of area has been sown compared to 2.51 lakh hectares of area the previous year.
- In a bid to promote sugar exports from the country, the Indian govt. has done away with the mandatory requirement of obtaining Registration Certificate (RCs) by the Indian exporters. Notably, till now the exporters were required to obtain RCs (up to a maximum quantity of 50,000 tons) from Director General of Foreign Trade (DGFT) for making any export deal.
- The Uttar Pradesh government had recently announced financial aid worth Rs 2070 crore as cane SOP to the sugar millers in the State. Notably, the govt. had earlier made promise to pay up to Rs 40/100 kg of cane SOP, of which only Rs 11.40/100kg of cane SOP had been actually approved, while the remaining amount of Rs 28.60/kg was recently announced.
- Czarnikow predicted India's sugar production to rise marginally (1.05%) from 28.6 MT in 2014 -15 (1st Oct, 2014 – 30th Sep, 2015) to 28.9 MT in 2015 -16 (1st Oct, 2015 – 30th Sep, 2016).

### Domestic Price Comparison

As shown in the chart below, the spread between the two-benchmarks narrowed down this week indicating a lower price differential between the two markets.

Notably, the average sugar price for 'M' grade in key Kolhapur market settled at Rs 2675 per quintal this week, which was only 0.31% less than the price reported last week. Similarly, sugar prices for the same variety/grade in Shamli district fell by 0.42% from Rs 2791 per quintal last week to Rs 2779 per quintal this week.



### Raw Sugar Import/Export Opportunity

Indian indicative raw sugar CIF prices from Brazil quoted at \$478.41 per ton (including 40% import duty) and Indian domestic Kolhapur based refined sugar FOB prices quoted at \$416.92 per ton.

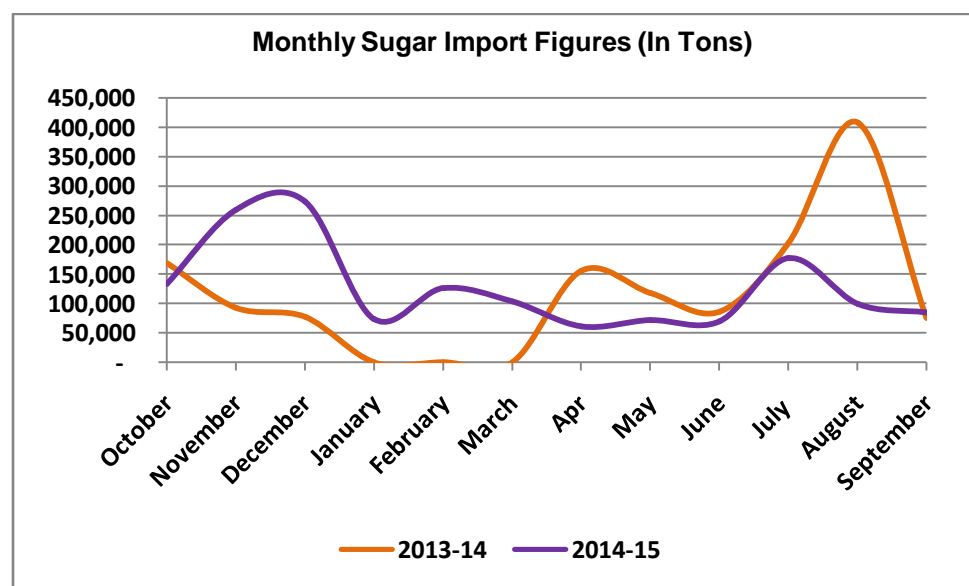
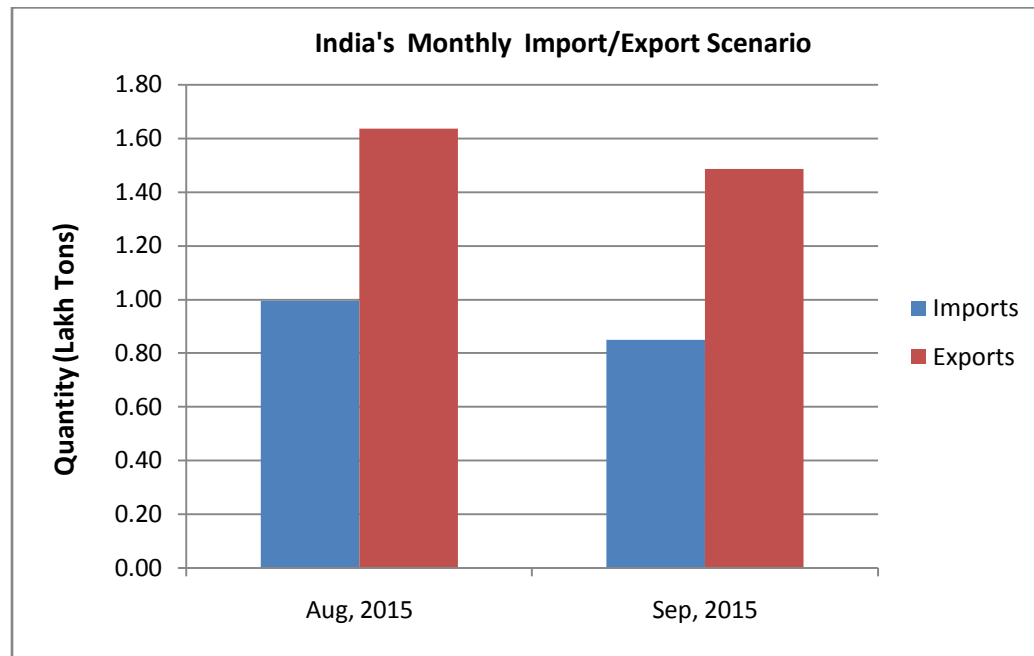
On International front, Brazil sugar FOB prices quoted at \$393.75/ Ton.

Comparative sugar FOB prices from various sugar sourcing countries to India are mentioned in the table below:

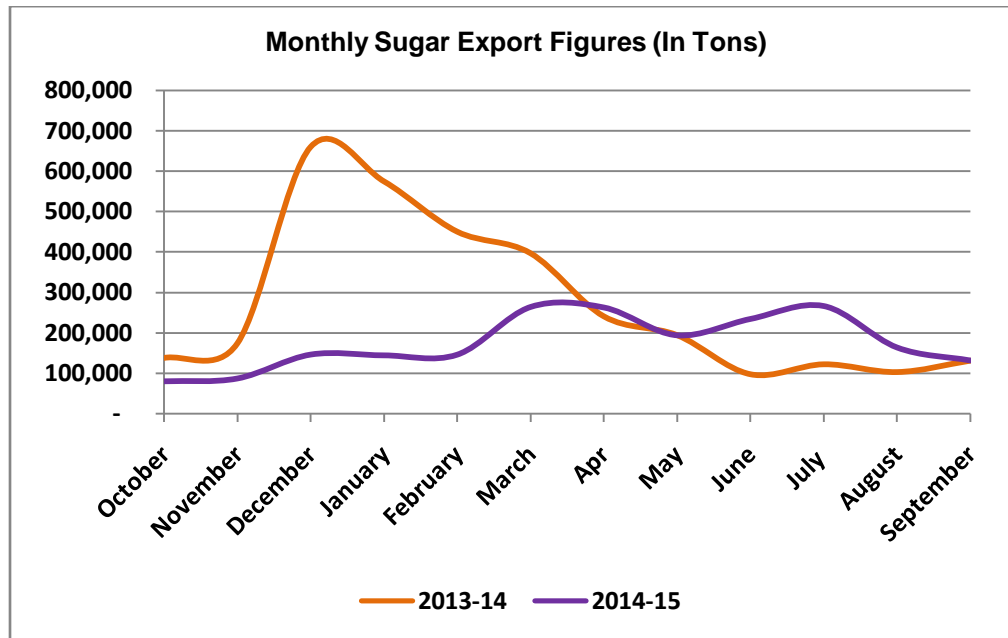
Indicative Sugar FOB Prices (USD/MT) (\$=Rs.65.12) till 30 <sup>th</sup> Oct, 2015			
	Brazil	Thailand (100 Icumsa Dec Contract/45 Icumsa Spot)	India (100 Icumsa)
Comparative Sugar FOB Prices	\$393.75	\$423.70/393.60	\$416.92

### Sugar Import and Export Scenario

Indian sugar trade scenario remained lackluster this month amid prevailing sugar surplus worldwide and a slack in demand. Notably, the country exported/imported 1.49/0.85 lakh tons of sugar in the month of September compared to 1.64/0.99 lakh tons sugar in the month of August.



Massive sugar production in India this year caused domestic sugar prices to fall to a six year low making it hardly viable for the country to import from Brazil. Indian sugar imports fell by 13% in September, 2015 compared to 0.75 lakh tons imports last year in September, 2014.



On the other hand, lower sugar demand overseas and a depreciating Brazilian currency, Real outpaced India's exporting competitiveness in the world market, leading to a fall in exports this month. Notably, the country's sugar exports fell by 9% this month compared to 1.63 lakh tons in August, 2015. While, a y-o- comparison shows that the Indian sugar export had increased by 14% this year compared to 1.30 lakh tons in September, 2014.

**Spot Sugar Prices Scenario (Weekly)**

Spot Sugar Prices Scenario (Weekly) (Average)				
Commodity	Centre	22nd to 29th Oct 2015	16th to 21st Oct 2015	Change
Sugar	Delhi - Grade M	2868	2859	9
	Delhi - Grade S	NA	NA	-
	UP- Khatauli Grade M	2991	2990	1
	UP- Ramala Grade M	NA	NA	-
	UP- Dhampur Grade M Ex-Mill	2802	2780	22
	UP- Dhampur Grade S Ex-Mill	2782	2760	22
	UP- Dhampur Grade L Ex-Mill	2852	2830	22
	Mumbai –Grade M	2902	2914	-13
	Mumbai –Grade S	2780	2775	6
	Kolhapur – Grade M	2670	2680	-10
	Kolhapur – Grade S	2570	2580	-10
	Guhawati – Grade S	2872	2883	-10
	Shillong – Grade S	2890	2900	-10
	Vijayawada – Grade M	3060	3060	Unch
	Vijayawada- Grade S	2900	2900	Unch
	Nagpur – Grade M	2900	2900	Unch
	Nagpur – Grade S	2800	2820	-20
	Kolkata – Grade M	2975	2893	83
	Chennai - Grade S	2775	2775	Unch
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	Unch
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	Unch

Spot Sugar Prices Scenario (Weekly)					
Commodity	Centre	Today	Week Ago	Month Ago	Year Ago
		29-Oct-15	21-Oct-15	29-Sep-15	29-Oct-14
Sugar	Delhi - Grade M	2870	2860	2660	3095
	Delhi - Grade S	NA	NA	2630	3070
	UP- Khatauli Grade M	2980	2980	2730	3180
	UP- Ramala Grade M	NA	NA	NA	3005
	UP- Dhampur Grade M Ex-Mill	2800	2750	2600	NA
	UP- Dhampur Grade S Ex-Mill	2780	2730	2580	NA
	UP- Dhampur Grade L Ex-Mill	2850	2800	2650	NA
	Mumbai –Grade M	2902	2896	2742	3172
	Mumbai –Grade S	2786	2760	2596	3026
	Kolhapur – Grade M	2700	2700	2500	2900
	Kolhapur – Grade S	2600	2600	2400	2800
	Guhawati – Grade S	2903	2903	2700	3106
	Shillong – Grade S	2920	2920	2720	3120
	Vijayawada – Grade M	3060	3060	2880	3480
	Vijayawada- Grade S	2900	2900	2720	3380
	Nagpur – Grade M	2900	2900	2700	3250
	Nagpur – Grade S	2800	2800	2600	3100
	Kolkata – Grade M	2980	Closed	2740	3180
	Chennai - Grade S	2775	Closed	2600	2950
	Ambikapur (Chattisgarh)- Grade M (Without Duty)	2835	2835	2835	3161
	Ambikapur (Chattisgarh)- Grade S (Without Duty)	2835	2835	2835	3135





Commodity: Sugar  
Contract: Dec

Exchange: NCDEX  
Expiry: Dec 18, 2015

### SUGAR (December Weekly Chart)



#### Technical Commentary:

- Sugar prices are rising while volume and O.I fell down for the week.
- RSI is hovering into a neutral zone.
- Last candlestick depicts bullishness in the market.

#### Strategy: Sell

Weekly Supports & Resistances			S2	S1	PCP	R1	R2
Sugar	NCDEX	Dec	2640	2670	2769	2840	2870
Weekly Trade Call			Call	Entry	T1	T2	SL
Sugar	NCDEX	Dec	<b>Sell</b>	Below 2780	2730	2705	2810

### Gur Market Scenario and Outlook

Spot gur market remained dormant this week with price falling in almost all the major markets.

Price of Laddoo, Rascut and Khurpa variety of gur from key Muzaffar Nagar market fell by Rs 203, Rs 130 and Rs 34 per quintal this week from Rs 2776, Rs 2458 and Rs 2513 per quintal the previous week. Similarly price of Chaurasa variety of gur from Hapur fell by Rs 169/quintal from Rs 2463/quintal to Rs 2294/quintal this week.

Prices of Mudde variety of gur from Belgaum district of Karnataka too declined by Rs 167/quintal from Rs 2200/quintal last week to Rs 2033/quintal this week.

### Spot Jaggery (Gur) Prices Scenario (Weekly)

Spot Jaggery(Gur) Prices Scenario (Weekly) (Average)				
Markets	Variety	22nd to 29th Oct 2015	16th to 21st Oct 2015	Change
<b>Muzaffar Nagar</b>	Chaku	2685	2680	5
	Chaku (Arrival)	4800	NA	-
	Khurpa	2479	2513	-34
	Laddoo	2573	2776	-203
	Rascut	2328	2458	-130
<b>Hapur</b>	Chaurasa	2294	2463	-169
	Balti	NA	NA	-
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	-
<b>Bangalore</b>	Mudde	3600	3660	-60
<b>Belgaum</b>	Mudde	2033	2200	-167
<b>Belthangadi</b>	Yellow (Average)	NA	NA	-
<b>Bijapur</b>	Achhu	NA	NA	-
<b>Gulbarga</b>	Other (Average)	2578	2633	-54
<b>Mahalingapura</b>	Penti (Average)	2475	2540	-66
<b>Mandya</b>	Achhu (Medium)	2333	2450	-117
	Kurikatu (Medium)	2200	2250	-50
	Other (Medium)	2233	2280	-47
	Yellow (Medium)	2333	2450	-117
<b>Shimoga</b>	Achhu (Average)	2875	2983	-108

Spot Jaggery(Gur) Prices Scenario (Weekly)					
Markets	Variety	Today	Week Ago	Month Ago	Year Ago
		29-Oct-15	21-Oct-15	29-Sep-15	29-Oct-14
<b>Muzaffar Nagar</b>	Chaku	2790	2450	2500	2625
	Khurpa	2450	2450	NA	2500
	Laddu	2600	2803	NA	2675
	Rascut	2325	2375	2700	NA
<b>Hapur</b>	Chaurasa	2275	2450	NA	2425
	Balti	NA	NA	NA	2425
<b>Maharashtra</b>	Latur(Lal Variety)	NA	NA	NA	Closed
<b>Bangalore</b>	Mudde	3600	3600	3500	4225
<b>Belgaum</b>	Mudde	2000	NA	NA	2800
<b>Belthangadi</b>	Yellow (Average)	NA	NA	NA	3250
<b>Bijapur</b>	Achhu	NA	NA	NA	NA
<b>Gulbarga</b>	Other (Average)	2545	NA	2640	3000
<b>Mahalingapura</b>	Penti (Average)	NA	2456	NA	2940
<b>Mandya</b>	Achhu (Medium)	2350	2400	2250	3150
	Kurikatu (Medium)	2200	2250	2100	2550
	Other (Medium)	2250	2250	2100	2750
	Yellow (Medium)	2350	2400	2250	3050
<b>Shimoga</b>	Achhu (Average)	NA	2900	2850	3200

**International Market News Highlights:**

- Brazil's CS region had churned around 2.09 MT of sugar in the first half of October, 2015 compared to 2.39 MT of sugar in the second half of September, 2015.
- As per the Indonesian Sugar Association, the country is expected to import 100,000 tons of white sugar in 2015 due to the negative El-Nino effect on their cane crop.
- Brazil's raw sugar export declined by 4.3% this month as the country exported 1.41 MT of sugar in September, 2015 compared to 1.48 MT of sugar last month in August, 2015.
- USDA made a downward revision of Thailand sugar production forecast for MY 2014/15 and MY 2015/16 to 10.8 MMT. Higher amount of sugarcane and sugar is to be used for ethanol due to lower world sugar prices.
- Australia sugar production is expected to rise to 5.0 MT in 2015-16, which was earlier estimated at 4.8 MT in April this year.
- Rabobank had predicted a global sugar supply deficit of 4.8 MT in 2015-16 compared to 3.7 MT of surplus in 2014-15.
- Czarnikow and Platts Kingsman projected a global sugar deficit of 4.1 MT and 3.2 MT in 2015-16 as against a surplus of 3.8 MT and 3.7 MT in 2014-15.
- Green Pool widened 2015/16 sugar deficit forecast to 5.6 MMT from 4.6 MMT in previous estimate. It revised down India and China output forecast and raised centre-south Brazil.
- International Sugar Organization (ISO) projected a global sugar deficit of 6.2 MT in 2016-17 compared to 2.5 MT deficit in 2015-16.
- INTL FCStone forecasted global sugar supply deficit of 3.8 MT in 2015-16 as against a supply surplus of 0.5 MT in 2014-15.
- World's largest cane refiner, ASR Group predicted a global sugar supply deficit of 2.7 MT in 2015-16 compared to a 3.7 MT sugar surplus in 2014-15.
- Brazilian agency, Copersucar forecasted a global sugar deficit of 1.50 MT in marketing year 2015-16.

**LIFFE Future Market Sugar Scenario (Dec'15 Contract)**

**Technical Commentary**

- LIFE future market trends upward for the week.
  - The last candlestick depicts bullishness in the market.
- Strategy: Buy at 392.00 with a target of 408.4

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
LIFFE Sugar (US \$/MT)	Dec'15	392.00	408.4

**ICE Raw Sugar Future Market Scenario (Mar'16 Contract)**

**Technical Commentary:**

- ICE raw sugar futures are trending upwards for the week.
- Last candlestick depicts bullishness in the market.  
 Strategy: Buy at 14.60 with target of 14.93

International Sugar Futures Price Projection			
	Contract Month	Present Quote	Expected Price level for next week
ICE Sugar #11 (US Cent/lb)	Mar'16	14.60	14.93



International Sugar Prices (Weekly)				
	Contract Month	28-Oct-15	20-Oct-15	Change
ICE Sugar #11 (US Cent/lb)	16-Mar	14.65	13.94	0.71
	16-May	14.27	13.76	0.51
	16-Jul	14.06	13.63	0.43
LIFFE Sugar (US \$/MT)	15-Dec	393.60	384.40	9.20
	16-Mar	397.20	387.00	10.20
	16-May	398.30	388.70	9.60

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